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Consultation: Remote inspections
Building System Performance
Building, Resources and Markets
Ministry of Business, Innovation and Employment
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Improving efficiency in the inspection process - increasing the use of remote inspections and accredited organisations.

Tēnā koe,

Thank you for the opportunity to comment on the proposal and options to improve efficiency in the building inspection process.

Council supports initiatives to streamline building consenting processes and to reduce costs to councils, tradespeople and ultimately those buying houses, to improve housing affordability. It's also important that changes to achieve this are collectively considered to ensure the overall integrity of the building control and performance system is maintained.

With regards to specific proposals for increasing the use of remote inspections and accredited organisations, Council:

- **Supports** phased implementation of changes, allowing time for systems, procedures, and predictive experience to be established before any mandatory requirements are enforced.
- **Recommends** option 4 for deterring deceptive behaviour as part of the overall approach to support the trust and integrity of the system.
- **Supports** the greater use of accredited organisations, as agents of Building Consent Authorities (BCAs) but has reservations with them being directly employed or contracted by builder owners/contractors.

Our submission below provides further detail focussing on key overarching points relating to the question raised in the discussion document.

Questions 1 and 2: Strategic criteria and the opportunity and benefits for remote inspections

We support the primary goal of options in the discussion document is to improve the efficiency and speed of building inspections, making construction easier, cheaper, and faster, while maintaining the quality of Aotearoa New Zealand's housing and buildings.

However, we are concerned that if not carefully managed, these changes along with other reforms in the building system, could create a challenging environment for building control and quality. This could mirror the issues following the 1991 Building Act, when permissive reforms, combined with new technologies and materials, led to building failures.

Mumford (2010) highlighted key factors in addressing building quality failures, noting that:

1. Decision-making in a permissive, performance-based regulatory environment requires better predictive systems to identify risks early.
2. Expertise and intuition are crucial for assessing risks, ensuring informed decisions are made by knowledgeable experts.
3. New technologies should be treated as explicit experiments, with timely and rigorous scrutiny to ensure safety and effectiveness.

Council suggests that any review or reform of the building control system should first assess key criteria, as outlined in the discussion document, with a focus on system integrity. This would ensure the opportunity and benefits of remote inspections are considered alongside other proposed reforms, to achieve objectives and continue to provide integrity of the building control and performance system.

The review should also prioritise high statistical certainty in system efficiency, roles, and responsibilities, and consider the implications of remote inspections for "simple builds." It's essential to address why the number of inspections has increased, particularly for simple builds alongside exploring the potential for system improvements and efficiencies. Factors such as builder competence, complexity, and non-standard sites likely contribute to this. The definition of "simple builds" needs to account for both design features and the practitioner's expertise.

Any system change that reduces intuitive judgment risks diminishing the ability to apply expertise and wisdom. A trial period of 5-7 years would help develop predictive capabilities and highlight where expert judgment is crucial.

While lighter-touch options might limit efficiency gains, they are necessary for an effective building system focused on first-time quality, supported by expert review. Strengthening the builder practitioner regime is essential.

Remote inspections can succeed if supported by a well-designed administrative system and a solid track record of new technologies.

Questions 5 and 6: Barriers and key risks with increasing the use of remote inspections

Councils and stakeholders have identified key barriers to implementing remote inspections, including concerns about confidence, integrity, suitability of work for remote inspection, and

the difficulty of identifying non-compliant work remotely, both in isolation and within the broader context of the build. These concerns align with the risks identified by Mumford in the context of the wider reforms.

While the discussion document states that remote inspection options include mitigations for these risks, Council is concerned that these risks may be considered in isolation from the wider building consent and regulatory system. Other proposed initiatives may weaken or remove the mitigations that address these risks.

Questions 7 – 15 Options to increase the uptake of remote inspections and improve efficiency of inspection processes

Council is concerned that the pursuit of efficiency in the four options for remote inspections outlined in the Discussion document, may raise potential risks, particularly in relation to building quality, integrity, and trust in the inspection process. In particular:

1. Suitability for Remote Inspections: Not all building work is suitable for remote inspection, particularly complex or non-standard builds.
2. Identifying Non-Compliant Work: Remote inspections may miss critical issues, both in isolation and in the context of the overall build.
3. Risk of Deceptive Practices: The introduction of remote inspections may increase the potential for dishonest behaviour, as highlighted in Option Four.

Recommended Approach:

We propose a gradual, step-wise implementation of options and remote inspections over 5-7 years. This will allow time for the system to develop predictive capabilities, incorporate expert judgment, and ensure remote inspections are used appropriately. It will also provide time for emerging technologies to gain a track record.

While we support improving efficiency through remote inspections, we stress the need for a careful, phased approach to mitigate risks and maintain high standards of building safety and quality. We recommend ongoing monitoring and evaluation as part of the implementation process to provide checks and balances as changes are applied in practice to help support objectives and mitigate any risks.

Questions 22 – 25: Use of Accredited Organisations

Council supports in principle the proposal that private organisations, including those accredited under the Building (Accreditation of Building Consent Authorities) Regulations 2006, are able to carry out consent processing and inspections, provided that these organisations are qualified, insured, and there is no residual liability remaining with councils, as was the case with the leaky building issues in the past.

While builder owners may nominate checks of the building work to be carried out by specialists engaged directly by them, Council cautiously supports the extension of this approach. However, it is critical that the issues experienced with private certifiers in the 1990s and 2000s do not recur. If this initiative is to be progressed, these private certifiers need to be monitored by an agency such as IANZ to ensure impartiality and quality assurance are maintained.

From a regulatory standpoint, it is not good practice for those being regulated to directly employ the regulator, unless there is a strict separation between the outcome and the reward—something that is not practical in most cases. Unlike the vehicle warrant of fitness system, where fees for service are relatively small, the financial incentives in the building industry are much larger, making it difficult to ensure a clear separation of interests.

Concluding remarks:

Council supports initiatives to streamline consenting processes to reduce costs, but not at the expense of building quality and performance. Mindful of the purposes and principles of the New Zealand Building Act 2004, Council considers that implementing remote inspections, if undertaken in a measured way within the environment of wider reforms, has merit and is worth further exploration. Council considers that the judicious extension of the use of Accredited Organisations, with appropriate checks and balances, and with such organisations having adequate means,¹ could help with system capacity.

Yours sincerely



Darren Edwards

CHIEF EXECUTIVE

KĀPITI COAST DISTRICT COUNCIL

¹ Building Act 2004, s. 192